

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

AB 2516 (Petrie-Norris) – As Amended March 24, 2026

SUBJECT: California Grid Manufacturing Initiative

SUMMARY: Establishes the California Grid Manufacturing Initiative, led by the Energy Unit, within the Governor’s Office of Business and Economic Development (Go-Biz) to coordinate statewide demand, procurement, and in-state manufacturing of critical electricity grid components.

Specifically, **this bill:**

- 1) Requires the Energy Unit, in coordination with the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, the Independent System Operator, and the California Infrastructure and Economic Development Bank (I-Bank), to establish the California Grid Manufacturing Initiative..
- 2) Requires the Energy Unit to serve as the state’s central entity for aggregating demand for critical electricity grid components, to coordinate the procurement of electricity grid components, and to incentivize new or existing in-state manufacturing of electricity grid components.
- 3) Requires the Energy Unit to develop a process for each public utility, on or before January 1, 2028 and regularly thereafter, to submit a projection of its purchasing needs for critical electricity grid components (including type, quantity and delivery timelines) for which the public utility has not entered into a purchase agreement.
- 4) Requires the Energy Unit, based on the projections, to determine the statewide aggregate purchasing needs for critical electricity grid components, which shall serve as the basis for procurement and manufacturing incentives.
- 5) Requires a public utility that purchases electricity grid components identified pursuant to the bill to purchase those components from the initiative, unless the initiative is unable to provide them.
- 6) Permits an electrical corporation, and requires the Public Utilities Commission, to authorize the recovery of costs incurred by the electrical corporation in implementing the above-described requirements, and would authorize a local publicly owned electric utility to recover from its ratepayers the costs incurred from the implementation of the above-described requirements from its ratepayers. By imposing new duties on local publicly owned electric utilities, the bill would impose a state-mandated local program.
- 7) Because a violation of a commission action implementing the bill’s requirement regulating the procurement practices of electrical corporations would be a crime, this bill would impose a state-mandated local program.

- 8) Authorizes the Energy Unit to issue requests for proposals or other competitive solicitations to procure critical electricity grid components, prioritizing proposals that promote in-state manufacturing and high road employment.
- 9) Requires the Energy Unit to identify any critical electricity grid components for which cost, supply constraints, or other limitations inhibit the state's ability to achieve its energy goals, and authorizes the Energy Unit to provide financial assistance to projects that establish or expand manufacturing capacity in California for those components. The bill also authorizes the Energy Unit to enter into production joint ventures with qualified private suppliers and to provide bond financing and other assistance.
- 10) Creates the California Grid Manufacturing Initiative Revolving Fund in the State Treasury, and the Manufacturing Incentive Account and the Procurement Account within the revolving fund, for the purpose of providing financial assistance pursuant to the initiative. The bill would make the moneys in the revolving fund continuously appropriated for expenditure in accordance with the initiative.
- 11) Authorizes the I-Bank, on behalf of the Energy Unit, to issue taxable or tax-exempt revenue bonds to finance procurement and manufacturing of electricity grid components, and requires the proceeds of the bonds to be deposited into the respective accounts. By establishing a continuously appropriated fund, the bill would make an appropriation.
- 12) Provides that no reimbursement is required by this act because local agencies have the authority to levy service charges, fees, or assessments to pay for the program and because the act creates a new crime under Section 17556 of the Government Code, the state is not required to provide reimbursement.

EXISTING LAW:

- 1) Establishes the Governor's Office of Business and Economic Development (GO-Biz) within the Governor's office and requires GO-Biz to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.
- 2) Creates within GO-Biz the Energy Unit to accelerate the planning, financing, and execution of critical energy infrastructure projects, as specified.
- 3) A violation of an order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime.
- 4) Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act, establishes the California Infrastructure and Economic Development Bank (I-Bank) within GO-Biz and, among other things, authorizes the I-Bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities, as provided.

FISCAL EFFECT: Unknown

COMMENTS: This bill creates a clear, criteria-driven process to designate Strategic Clean Energy and Critical Mineral Development Zones and directs state resources to the locations most capable of delivering large-scale energy and supply chain gains. It prioritizes these zones for infrastructure investment, economic development incentives, and streamlined coordination. The bill assigns the Governor’s Office of Business and Economic Development a central role in aligning state efforts and requires coordination with the California Energy Commission, the California Public Utilities Commission, and the California Air Resources Board to integrate permitting, planning, and investment. It advances transmission buildout, site readiness, and industrial clustering, including co-location of energy production and manufacturing, to reduce costs and supply chain risk.

The bill defines designation criteria to target regions with the highest return on public investment. These criteria include the presence of significant clean energy resources such as geothermal, solar, or wind; access to critical mineral deposits including lithium; existing or planned transmission capacity and grid interconnection potential; proximity to industrial infrastructure, workforce, and transportation corridors; readiness of sites for near-term development; and the potential to deliver economic benefits, including job creation and regional development. These factors focus state action on areas where projects can scale quickly and efficiently.

The author seeks to close the gap between California’s climate targets and the infrastructure and industrial capacity required to meet them. Under SB 100, the state must achieve 100 percent zero-carbon electricity by 2045, which will require rapid expansion of generation, storage, and supporting infrastructure. At the same time, reliance on global supply chains for batteries and critical materials exposes the state to price volatility and supply disruptions. California holds major advantages, including lithium resources in the Salton Sea region and the largest geothermal capacity in the nation, but these assets remain underdeveloped due to fragmented planning and insufficient infrastructure.

This bill adopts a place-based industrial strategy that concentrates investment in high-potential regions. This approach reduces development costs, accelerates timelines, and strengthens domestic supply chains while supporting job growth. By prioritizing state investment in foundational infrastructure, the bill reduces uncertainty for private developers and acts as a de-risking mechanism to attract capital.

Author’s Statement: According to the author, “California’s electricity grid faces a supply chain crisis that is driving up costs for families, delaying critical renewable energy projects, and undermining our climate goals. National and global bottlenecks for essential grid equipment, particularly transformers, have caused lead times to stretch from weeks to years and prices to spike as much as 95 percent. AB 2516 establishes the California Grid Manufacturing Initiative to aggregate statewide demand, coordinate procurement, and incentivize in-state manufacturing, thereby lowering costs, creating thousands of high-road jobs, and positioning California as a national leader in building the grid infrastructure our clean energy future demands.”

REGISTERED SUPPORT / OPPOSITION:

Support

Bluegreen Alliance

Building Decarbonization Action Fund

Building Decarbonization Coalition Action Fund

California Environmental Voters (formerly Clcv)

California Federation of Labor Unions

California Forward

California Green New Deal Coalition

California Labor for Climate Jobs

Coalition of California Utility Employees

Communication Workers of America, District 9

IBEW Local 1245

Industrious Labs

International Brotherhood of Electrical Workers, Local 1245

International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America

Jobs to Move America

Los Angeles Alliance for a New Economy (LAANE)

Public Citizen

Rising Sun Center for Opportunity

Sierra Club California

Sylvatex, INC.

The Environmental Protection Information Center (EPIC)

The Utility Reform Network (TURN)

United Steelworkers District 12

Opposition

San Diego Gas and Electric Company

Oppose Unless Amended

Pacific Gas and Electric Company and its Affiliated Entities
Southern California Edison

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